



[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9564]

RIN 1545-BJ93

Guidance Regarding Deduction and Capitalization of Expenditures Related to Tangible Property

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendments.

SUMMARY: This document contains correcting amendments to the temporary regulations (TD 9564), which were published in the **Federal Register** on Tuesday, December 27, 2011, relating to guidance regarding deduction and capitalization of expenditures related to tangible property. These amendments revise the general asset account regulations to provide the time and manner of making a general asset account election. The amendatory instructions of TD 9564 inadvertently redesignated paragraphs (m)(2) and (m)(3) for the general asset account regulations as in effect before TD 9564 as paragraphs (l)(2) and (l)(3) for the general asset account regulations as amended by TD 9564. These correcting amendments will affect all taxpayers that make a general asset account election.

DATES: These amendments are effective **[INSERT DATE OF PUBLICATION OF THIS DOCUMENT IN THE FEDERAL REGISTER]**.

FOR FURTHER INFORMATION CONTACT: Kathleen Reed or Patrick Clinton, Office Associate Chief Counsel (Income Tax & Accounting), (202) 622-4930 (not a toll-free call).

SUPPLEMENTARY INFORMATION:

**Background**

The regulations that are the subject of these corrections are under section 168 of the Internal Revenue Code.

**Need for Correction**

As published on December 27, 2011 (76 FR 81060), TD 9564 contains errors which may prove to be misleading and are in need of clarification.

**List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements

**Correction of Publication**

Accordingly, 26 CFR Part 1 is amended by making the following correcting amendments.

**PART 1--INCOME TAXES**

Paragraph 1. The authority citation for part 1 continues to read as follows:

Authority: 26 U.S.C. 7805 \* \* \*

Section 1.168(i)-1 also issued under 26 U.S.C. 168(i)(4). \* \* \*

Par. 2. Section 1.168(i)-0 is amended by revising the entry in the table of contents for paragraph (m) of §1.168(i)-1 to read as follows:

§1.168(i)-0 Table of contents for the general asset account rules.

\* \* \* \* \*

§1.168(i)-1 General asset accounts.

\* \* \* \* \*

(m) [Reserved]. For further guidance, see the entry for §1.168(i)-1T(m).

Par. 3. Section 1.168(i)-1 is amended by revising paragraphs (l)(2) and (l)(3) to read as follows:

§1.168(i)-1 General asset accounts.

\* \* \* \* \*

(l) \* \* \*

(2) Time for making election. The election to apply this section shall be made on the taxpayer's timely filed (including extensions) income tax return for the taxable year in which the assets included in the general asset account are placed in service by the taxpayer.

(3) Manner of making election. In the year of election, a taxpayer makes the election under this section by typing or legibly printing at the top of the Form 4562, "GENERAL ASSET ACCOUNT ELECTION MADE UNDER SECTION 168(i)(4)," or in the manner provided for on Form 4562 and its instructions. The taxpayer shall maintain records (for example, "General Asset Account #1--all 1995 additions in asset class 00.11 for Salt Lake City, Utah facility") that identify the assets included in each general asset account, that establish the unadjusted depreciable basis and depreciation reserve of the general asset account, and that reflect the amount realized during the taxable year upon dispositions from each general asset account. (But see section 179(c) and §1.179-5 for the recordkeeping requirements for section 179 property.) The taxpayer's recordkeeping practices should be consistently applied to the general asset

accounts. If Form 4562 is revised or renumbered, any reference in this section to that form shall be treated as a reference to the revised or renumbered form.

\* \* \* \* \*

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